

If a dealer sells a third-party warranty or service contract to the purchaser of a motor vehicle and collects a fee or premium from the customer, the dealer must pay the warranty or service contract company and ensure the warranty is in effect within 15 days of the date of sale (41-3-405).

Failure of a dealer to remit the fee within 15 days is grounds for dealer license suspension and allows the customer a cause of action against the dealer for damages that otherwise would have been covered by the warranty or service contract.